



K E A N
UNIVERSITY

AMENDMENT NUMBER 1 to the Agreement dated November 28, 2008 between the Kean University Board of Trustees and Dr. Dawood Farahi hereinafter referred to as "the Agreement."

WHEREAS, pursuant to Articles V and VI of the Agreement, the Board of Trustees of Kean University conducted a performance evaluation and review of compensation of President Dawood Farahi in summer 2009, and

WHEREAS, by Resolution dated September 14, 2009, the Board authorized an amendment to the Agreement that creates a retention bonus of \$200,000 payable to President Dawood Farahi on July 1, 2013 if and only if he continues to serve as President until that time and he continues to satisfy the terms of the Agreement until that time; now, therefore, it is duly authorized that

The terms of the Agreement in **Section IV B. Retention Bonus** are modified accordingly per the Board resolution, and all other terms and conditions of the Agreement shall remain in full force and effect.

The University, by its duly authorized Chair, and Dr. Farahi have caused this Amendment to be executed on this 14th day of September, 2009.

Eugene C. Enlow, Esq., Chairman of the Board

Dawood Farahi, Ph.D., President

Audrey M. Kelly, Board Secretary, Witness

BOARD OF TRUSTEES

KEAN UNIVERSITY

Compensation Agreement

THIS COMPENSATION AGREEMENT ("Agreement") made this 28th day of November, 2008, by and between the Board of Trustees of Kean University, or its successor, (hereinafter "University") and Dr. Dawood Farahi ("Dr. Farahi" or "President"), shall be effective on July 1, 2008.

WITNESSETH:

WHEREAS, the Board of Trustees of the University ("Board") has appointed Dr. Farahi as its President for a five (5) year term commencing July 1, 2008; and

WHEREAS, the Board desires to enter into this Agreement with Dr. Farahi to embody the terms of this appointment.

NOW, THEREFORE, in consideration of the covenants and promises herein contained and for other good and valuable consideration, and intending to be legally bound hereby, the University and Dr. Farahi covenant and agree, as follows:

I. EMPLOYMENT. Pursuant to the terms and conditions of the Agreement, the University agrees to employ Dr. Farahi as its President and Dr. Farahi agrees to serve as the President of the University and to render services to the University as set forth herein.

II. DUTIES. Pursuant to N.J.S.A. 18A:64-6, the President shall be the Chief Executive Officer of the University and an ex-officio member of the Board without vote, and have charge of the administration of the University under the policies and procedures of the Board.

A. Consistent with N.J.S.A. 18A:64-8, the President shall be responsible to the Board and shall have such powers as shall be requisite for the executive management and conduct of the University in all departments, branches and divisions and for the execution and enforcement of the By-laws, rules, regulations, and orders governing the management, conduct and administration of the University.

B. Consistent with N.J.S.A. 18A:64-6(h), the President shall nominate to the Board, those officers and staff named therein. The President shall also nominate to the Board for appointment, removal, promotion, or transfer, such other officers, agents or employees as may be required for carrying out the purposes of the University and assign their duties, determine their salaries and prescribe the qualifications for all positions as required by law.

C. The President, as necessary, will engage in a variety of other activities consistent with those customarily performed by presidents of New Jersey state universities similar in size and type to the University and consistent with the direction of the Board. Those duties shall include, but are not limited to, fundraising, development, public and faculty relations, educational leadership, budgeting, long-range planning, student services, recruitment of personnel, appointment, promotion, and dismissal of all faculty and staff members (subject to N.J.S.A. 18:64-6(h)), and control and supervision of all buildings, grounds, equipment and expenditures. The President shall perform all duties required or permitted by law, the provisions of this Agreement, and all other duties incident to the Office of the President as may be agreed upon in writing by the Board and the President.

D. The President shall devote his entire working time, attention, energy, skill and best efforts to the Office of President of the University. Notwithstanding the foregoing, the President may serve on outside boards of trustees or directors of for-profit and non-profit organizations nationally and internationally. The President shall seek the prior approval of the Chair of the Board before agreeing to serve on the board of directors of any for-profit corporation. The expenditure of reasonable amounts of time for this board service and for any other charitable, civic, or professional outside activities shall not be deemed a breach of this Agreement, provided such activities do not interfere or conflict with the President's duties and responsibilities to the University under this Agreement. Any income or other compensation earned by the President in connection with board service or other outside activities shall be paid to and retained by the President and reported in accordance with applicable law and established University policies and procedures. Such income or compensation shall have no effect on the amount of salary, benefits, or other compensation to which the President may be entitled under this Agreement or any pension plan.

E. The President acknowledges that he owes to the University a duty of loyalty that includes, but is not limited to, a duty while employed to keep the University fully informed of all relevant information; a current and perpetual duty not to divulge or release confidential information as set forth in Article IX below; a duty while employed by the University not to compete with the University; and a current and perpetual duty not to disparage the University.

III. TERMS OF OFFICE: SEPARATION. Consistent with N.J.S.A. 18A:64-6(g), the President shall serve at the pleasure of the Board. It is therefore understood that the President shall serve "at will", unless and until he is terminated by: (a) mutual consent of the parties; (b) retirement; (c) voluntary resignation with at least one hundred twenty (120) days prior written notice provided by the President to the Chair of Board; (d)

permanent disability, as defined below; (e) death; or (f) action by the Board with or without cause or prior notice at any time.

A. "Cause" for termination means any material breach of this Agreement or any intentional violation of his duties which result in substantial detriment to his Office or the University or commission of any act which could be prosecuted as a felony. In the event the President is terminated for "cause", the obligations of the University under this Agreement shall cease immediately upon a Board determination that such "cause" exists, and shall no longer be binding on the University.

B. In the event the President is terminated due to (1) permanent disability, which means the inability to perform the essential functions of his job for a period of one hundred twenty (120) consecutive days; or (2) dies in office, this Agreement shall cease immediately upon such event and shall no longer be binding upon the University. The President or his heirs shall have all rights granted them pursuant to the applicable policies of insurance provided to the President in accordance with this Agreement.

C. Five-Year Term. Notwithstanding the above, and not intended to conflict with the "at will" employment established hereunder, the Board's appointment of the President is for term of five (5) fiscal years ("Term"). The terms of this Agreement shall be reviewed annually.

D. Severance. In the event the appointment is not extended following the expiration of the Term set forth in Subsection C above or the appointment is otherwise terminated by the Board without cause in accordance with the terms hereof, the President shall receive severance pay equal to his Base Salary as president at the time of severance for the next twelve (12) successive month period. Such severance pay shall be payable in bi-weekly installments, the first of which shall be payable within two (2) weeks of the expiration of the appointment term (if not renewed) or of the termination date (if terminated by the Board without cause), as appropriate and shall be payable through the normal University payroll system, subject to all applicable federal, state and local withholding requirements. The payment of such severance pay shall be conditioned on the President's taking a sabbatical off campus for said twelve-month period after such termination (or such shorter period as mutually agreed by University and President). At the conclusion of his sabbatical period, the President shall have the option to return to a position on the Kean University faculty as a Distinguished Professor in Public Administration at the top of the salary range for that title. If Dr. Farahi opts to return, his duties and responsibilities shall be in accordance with the University requirements for a Distinguished Professor.

IV. COMPENSATION. The compensation to be paid to the President pursuant to this Agreement is as follows:

A. BASE SALARY. Base Salary ("Base Salary") shall be paid as follows, payable in installments in accordance with the University's regular payroll practices in effect from time to time:

- (i) The President's Base Salary for the fiscal year commencing on July 1, 2008 and ending June 30, 2009 shall be \$293,550, subject to such deductions as are required by law.
- (ii) For each fiscal year (July 1 – June 30) thereafter, the President's Base Salary shall be reviewed by the Board in connection with the annual evaluation of the President's performance as set forth in Article VI below.

B. RETENTION BONUS. The provisions of Article IV.B. of the Compensation Agreement entered into by and between the University and the President on March 8, 2004, as amended by Amendment Number 2 (dated September 20, 2005) and Amendment Number 3 (dated October 26, 2005), shall remain in full force and effect. It is further agreed that, if the preconditions to payment of the retention bonus provided for therein are satisfied, after payment of the aforesaid retention bonus the Board will discuss with the President during the next evaluation to be conducted under Article VI herein such future enhanced benefits as it may deem appropriate to induce the President to thereafter remain in his position, taking into account the performance of the President over the Term and anticipated future performance factors.

C. HOUSING ALLOWANCE. The President shall have the full use of the University home located at 3 Masters Square during his active tenure as President.

D. BENEFITS. The University shall provide and make available to the President the same State of New Jersey standard and optional fringe benefits that are available to its other executive administrators. The President will pay all the customary employee contributions associated with these standard and optional benefits. Because said fringe benefits are being made available under programs offered by the State of New Jersey said benefits are subject to modification, diminution or elimination by action of the Legislature or Division of Pensions which administers said programs. Present contribution rates to these Programs also are subject to change. Benefits may be adjusted by the Board to respond to and reflect extraordinary changes that may have occurred in the relevant marketplaces; provided however, that at no time during the term of this Agreement shall the President receive Benefits that are less than those provided to other senior officers of the University. Any diminution or elimination of such Benefits Programs shall not increase the University's

obligation to the President under this Agreement. These benefits include but are not limited to the following:

1. Health Insurance. The President shall be entitled to participate in medical, prescription drug, dental, optical, and such other State plans as may become available during the Term for himself, his spouse, and any dependent children.

2. Retirement. The President will participate in the State's Alternate Benefits Program for his retirement, life insurance and disability insurance coverage.

3. Automobile. During the Term, the University will provide the President with a newly purchased or leased automobile every three (3) years. As the Office of the President is considered to be 24-hour, 7-day a week position, the Board believes that all the President's use of the automobile will be for "official State purposes." The State will provide insurance for the President's use of the automobile for "official State purposes." The University will provide auto insurance in commercially reasonable amounts for use of the automobile by the President other than for official State purposes. The University will provide in-house maintenance service (except for warranty work) and fuel and oil for the automobile. All such costs to the University will not exceed, in the aggregate, the sum of one thousand dollars (\$1000) per month; any excess costs shall be paid by the President. The President shall be solely responsible for the payment of any federal income tax resulting from any "personal use" of the automobile. On the effective date of the termination or expiration of his Term as President, for whatever reason, the President shall return the automobile to the University.

4. Vacation/Legal Holidays. During the Term, the President shall be entitled to twenty-two (22) days of vacation annually. Unused vacation days at the end of any fiscal year may be taken during the subsequent fiscal year, provided that the President shall receive pay in lieu of paid time off for a maximum of forty-four (44) unused vacation days remaining at the conclusion of his tenure as President, regardless of the reason therefore. The President shall be entitled to paid Federal and State legal holidays observed by the University.

5. Sick Days. During the Term, the President shall be entitled to one and one quarter (1.25) paid sick days monthly in each fiscal year which may be accumulated in accordance with University and State policies.

6. Professional Dues and Meetings. The President may attend educational conferences, conventions, courses, and other similar professional activities, provided they do not interfere with the President's responsibilities to the University. Reasonable expenses in connection with such professional organizations will be paid by the University. The President, in accordance with University policy and procedures, will submit requests for reimbursement or payment of such expenses.

7. Travel for University Business. The University will pay reasonable travel expenses for the President, including, but not limited to, tolls, hotel bills and other necessary and proper expenses for the President when traveling on University business. The President, in accordance with University policy and procedures, will submit requests for reimbursement or payment of such expenses.

8. University-Related Expenses. The Board of the University will secure or provide a fund, as established in its annual budget, for the President's reasonable and necessary business and entertainment expenses related to development and marketing for the University. Said sum will be capped at \$36,000 per year, absent additional Board approval. The President, in accordance with University policy and procedures, will submit requests for reimbursement or payment of such expenses, if applicable, and will report same quarterly to the Board through the Vice President for Administration and Finance and the Board's Finance and Audit Committee.

V. REVIEW OF COMPENSATION. The President's compensation package shall be reviewed by the University with the President not less than every twelve (12) months during the Term of appointment.

VI. EVALUATION. On or near July 1 of each year during the Term of this Agreement, the President shall provide to the Board Chair a list of proposed goals and objectives for the twelve (12) month period beginning on July 1st. The Board or a committee thereof appointed by the Chair (referred to in this Article VI. as ("the Board")) and the President shall discuss the President's goals and objectives, after which time the Board and the President shall agree upon goals and objectives for that twelve-month period. On or before July 31st of each calendar year, the President shall initiate the evaluation process. This appraisal shall address performance related to each of the goals and objectives determined the preceding year. After the President has submitted this self-appraisal, an annual review of the President's performance during the previous academic year based on his achievement of the mutually agreed upon specified goals and objectives, and such other criteria as deemed appropriate by the evaluator(s), will be done

by a committee of the Board or by an independent evaluator external to the University selected by the Board. Such evaluator shall provide feedback on job performance and guidance as to the Board's expectations and the actions the President may take to meet such expectations. To aid the evaluator(s) in the annual performance review, the President agrees to furnish such oral and written reports as requested by the Board. This annual review shall be completed by the following September 1, and the report from the Board or independent evaluator will be communicated in writing to the President by the Chair no later than September 30 of each calendar year.

VII. ACADEMIC APPOINTMENT. The President is a tenured member of the faculty at Kean University.

VIII. PHYSICAL EXAMINATION. The University strongly encourages the President to undergo a comprehensive physical exam once a year. Should expenses for the examination exceed or not qualify for coverage under the President's medical insurance coverage, the University will pay up to One Thousand Dollars (\$1,000.00) for the exam. The results of the physical examination are privileged and confidential between the physician and the President.

XI. CONFIDENTIALITY. Dr. Farahi covenants and agrees that during the Term of this Agreement and thereafter, he will not, without the express prior written consent of the Board, directly or indirectly communicate or divulge, or use for the benefit of himself, or any other person, firm, association, corporation or institution (other than the University), any of the University's "Confidential Information" gained by virtue of his employment as President of the University. Nothing herein shall be construed to prohibit the President from appropriately utilizing his knowledge of Confidential Information in connection with the performance of his duties hereunder during the Term of this Agreement in furtherance of the best interests of the University. For purposes of this Agreement, "Confidential Information" is defined as any information regarding the methods, business policies, procedures, recruiting or funding techniques, research or development projects or results, historical or projected financial information, budgets, or any other confidential information relating to or dealing with the business operations or activities of the University, learned or acquired by the President while in the employ of the University. Confidential Information shall not include information otherwise lawfully known generally by or readily accessible to the general public. At the termination of the President's employment with the University, he shall return to the University all copies of Confidential Information in any medium, including computer tapes and other forms of data storage.

X. TAX LIABILITY. The President agrees to be responsible for any income tax liability incurred as a result of this Agreement.

XI. SEVERABILITY CLAUSE. If any provision of this Agreement is held to be invalid, illegal, or unenforceable, then, so far as possible, the remaining provisions of this Agreement shall not be affected thereby and shall remain in full force and effect.

XII. COMPLETE AGREEMENT; MODIFICATION. This Agreement constitutes the complete Agreement between the parties and supersedes all prior discussions, agreements and representations made in regard to the matters set forth herein. This Agreement shall not be amended, modified or changed except upon the mutual consent of the President and the Board. Any amendments or modifications, to be effective, must be reduced to writing and signed by all parties to this Agreement.

XIII. DISPUTES. All disputes arising out of or concerning the interpretation or application of this Agreement, including without being limited to any claims that the application of this Agreement or the termination of the employment relationship established by this Agreement violates any federal, state, or local law, regulation, or ordinance, shall be resolved timely and exclusively in the following manner: (a) first, by informal meetings between the Chair of the Board and the President; (b) second, by non-binding mediation by a third party mutually agreed upon by the President and Chair of the Board. If any such dispute is not resolved by the provisions of (a) and (b) hereof, the parties may exercise their respective rights in accordance with the provisions of the Agreement and applicable law.

XIV. INDULGENCES, ETC. Neither the failure nor any delay on the part of either party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

XV. NOTICES. All notices, requests, demands or other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received only when personally delivered, mailed by certified mail, postage prepaid, return receipt requested, or posted for delivery with a recognized national or regional courier service for delivery to the intended addressee. Unless and until changed by a party giving written notice to the other, the addressees below shall be the addresses to which all the notices required or allowed by this Agreement shall be sent:

If to the University:

Mr. Eugene C. Enlow (or the then serving Chair at the time of such notice.)
Chair, Board of Trustees
Kean University
1000 Morris Avenue
Union, NJ 07083

If to the President:

Dr. Dawood Y. Farahi
President
Kean University
1000 Morris Avenue
Union, NJ 07083

XVI. PERSONAL CONTRACT. The obligations and duties of Dr. Farahi shall be personal and not assignable or delegable in any manner whatsoever. This Agreement shall be binding upon and inure to the benefit of Dr. Farahi and his executors, administrators, heirs, successors, and permitted assigns, and upon the University and its successors and assigns.

XVII. INSURANCE AND INDEMNIFICATION. The President shall be provided with director's and officer's liability insurance coverage and be protected by indemnification agreements on the same terms and conditions enjoyed by the trustees and senior officers under State law and the Bylaws of the University.

XVIII. MISCELLANEOUS. The headings in this Agreement are for convenience only and shall not be used in construing or interpreting this Agreement. The terms "Board," Board of Trustees", and "University" as used in this Agreement, where applicable or appropriate, shall be deemed to include or refer to any duly authorized board, committee, officer, or employee of said entity. Whenever the context requires, the masculine shall include the feminine and neuter, the singular shall include the plural, and conversely.

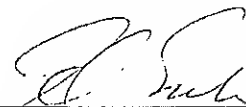
XIX. GOVERNING LAW. This Agreement shall be governed by the laws of the State of New Jersey. Any action concerning a dispute between the parties to this Agreement shall be venued in a state or federal court sitting in the State of New Jersey.

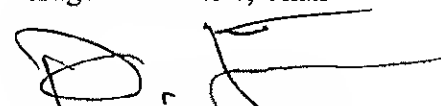
XX. COUNTERPARTS: FAX COPIES. This Agreement may be signed in counterparts by each party and the counterparts, taken together, shall constitute the entire Agreement as if only one Agreement were executed. Telefax or telecopy copies of original signature pages of the Agreement (or any modification hereto) shall be accepted by each party as legally binding on the signor, based on the understanding (but not the condition precedent) that original signature pages will be delivered subsequently by such signor.

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The University, by its duly authorized Chair, and Dr. Farahi have caused this Agreement to be executed on this 28th day of November, 2008.

Kean University, its Board of Trustees

By: 
Eugene C. Enlow, Chair


Dawood Farahi, President